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POLITICAL CONTRIBUTIONS IN ONTARIO

The *Election Finances Act* outlines when and how much an individual, trade union, or corporation may contribute. The *Income Tax Act* sets out the tax credits available for political contributions.

All financial statements filed with the Commission are available for public viewing at our offices. Our staff is available to help you with any inquiries you might have.

This pamphlet is designed to answer a few basic questions.

WHO MAY CONTRIBUTE?

Political contributions may be made by:

- a person normally resident in Ontario,
- a corporation that carries on active business in Ontario, and
- a district labour council, or trade-union that holds bargaining rights for employees in Ontario.

Contributions are prohibited from sources outside Ontario.

Unincorporated groups, such as partnerships, cannot contribute as a group. They must list the name and contribution of each individual within the group separately. However, officially endorsed affiliated political organizations, such as women's or youth groups, may contribute in the name of the group.

Associated corporations, so long as they each carry on active business in Ontario, are considered to be separate corporate contributors.

HOW MAY CONTRIBUTIONS BE GIVEN?

Only contributions up to \$25 may be given in cash. Contributions over \$25 must be made by a cheque drawn on a bank account in the contributor's name, by a money order signed by the contributor or by a credit card embossed with the contributor's name.

You must not contribute money that is not your own. You may not give anonymously. The chief financial officer (CFO) of the party, constituency association or candidate to whom you are contributing must keep accurate records of the sources of all contributions. The CFO must know your name and address.

Besides money, you might also want to contribute goods or services. Donations of goods or services for which you would ordinarily be paid count as political contributions. These are valued at their fair market value.

If you give a discount on goods or services sold to an association, candidate, leadership contestant or party, then the discount is considered a contribution. However, you have the choice of declaring the total of your donated goods or services, if valued at less than \$100, not to be a contribution.

Volunteer labour is work done on your own time for which you do not ordinarily get paid. It does not count as a political contribution and, therefore, is not eligible for a tax credit receipt.

When you buy tickets to a political fund-raiser, a portion of the ticket price will be considered a political contribution. The amount of such a contribution should be specified by the ticket seller at the time you buy the tickets.

You should take special care when purchasing tickets to fund-raising events. Before buying the tickets it is important to make sure that the purchase will not put you over the contribution limits.

Sometimes people want to run advertisements supporting or opposing a candidate. If such an ad is run with the candidate's knowledge and consent, and if its value is more than \$100, it will be considered a political contribution.

The chief financial officer who accepts your contributions will keep a record of each amount you donate during the year or campaign period.

However, it is your responsibility not to go over the contribution limits of the *Election Finances Act*.

If you contribute a total of more than \$100 in any year or campaign period to any one party, constituency association, candidate or leadership contestant, your name, address and the amount of your contribution will be in the Commission's public records.

HOW MUCH MAY I CONTRIBUTE?

In each year, any person, corporation or trade union may contribute up to \$4,000 to any provincial party. Also, you may contribute up to \$750 to any constituency association, but the total contribution to all constituency associations of the same party must not exceed \$3,000. This means the maximum annual political contribution allowed in a non-election year is \$7,000 to each registered party.

During an election you may make extra contributions. At election time, you may give up to an additional \$4,000 to any provincial party and up to \$750 to any candidate so long as the total contribution to all candidates of the same party does not exceed \$3,000.

MAXIMUM CONTRIBUTIONS

	To Provincial Party	To Constituency Association		To Candidate	
		<u>Each</u>	<u>Total</u>	<u>Each</u>	<u>Total</u>
Annually	\$4,000	\$750	\$3,000	Nil	
Extra during a campaign period	\$4,000	Nil		\$750	\$3,000

Should you exceed the contribution limit for a year or for a campaign period, you must return the tax credit receipt to the CFO before your excess contribution can be refunded to you. If the receipt is not returned, the prohibited portion of your contribution will be remitted to the Commission.

WHAT TAX CREDITS ARE AVAILABLE?

A. Contributions by Individuals

For every political contribution you make, you will receive a receipt for tax credit purposes from the CFO. To claim your tax credit, you must attach this receipt to your Income Tax Return.

This tax credit is only for political contributions to Ontario parties, candidates and constituency associations registered with the Commission. It is quite separate from the tax benefit

available for contributions to federal political parties or to charitable organizations. There are no tax credits available for contributions to party leadership contestants.

Only if you have provincial tax payable after deducting any applicable property or sales tax credits, can you claim this tax benefit. The tax credit can only be used for the year you made the political contribution. You cannot claim a tax credit which exceeds the amount of your Ontario tax payable.

The *Income Tax Act* allows reductions in the amount of tax you would have to pay by a percentage of your political contribution. Refer to the chart below.

The maximum tax credit of \$750 is obtained when contributions total \$1,700.

Either the contributor or the contributor's spouse may claim this tax credit. However, a single contribution cannot be split between spouses.

TOTAL CONTRIBUTIONS	CREDIT CALCULATION	MAXIMUM CREDIT
Up to \$200	75% of contribution	\$150
\$200 to \$800	\$150 plus 50% of the amount over \$200	\$450
More than \$800	\$450 plus 33⅓ of the amount over \$800	
<u>OR</u>		
	\$750, whichever is less	\$750

B. Contributions by Corporations

The tax credit for corporations works differently. Under the *Corporations Tax Act*, companies may deduct up to a maximum of \$7,000 from the Ontario

portion of their taxable income. All or part of this deduction may be carried over to following years, but it cannot be used to create a tax loss.

OTHER PUBLICATIONS AVAILABLE ON REQUEST:

- Quick Guide to Election Finances Law of Ontario
- Fund-Raising Activities
- Guidelines for Chief Financial Officers
- Newsletter
- Annual Report

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